

Message Text

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PAGE 01 CARACA 05371 231518Z

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ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 /018 W
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R 222238Z MAY 75
FM AMEMBASSY CARACAS
TO USDOC WASHDC
INFO SECSTATE WASHDC 8837

UNCLAS CARACAS 5371

MAJOR EXPORTS PROJECTS DIVISION

E.O. 11652: N/A

TAGS: BTTO, EIND, VE, BEXP

SUBJECT: PETROCHEMICALS: CONSTRUCTION AND MANAGEMENT OPPORTUNITIES

REF: CARACAS 3610, 4567, 4649

1. OPPORTUNITIES FOR EXPERIENCED, WELL-KNOWN U.S. PRODUCERS OF PETROCHEMICALS EXIST IN COOPERATION WITH VENEZUELAN STATE INDUSTRY IN OVERSEEING CONSTRUCTION AND MANAGEMENT OF NEXT GENERATION OF PETROCHEMICAL OPERATIONS. THE CONSEJO NACIONAL DE PETROQUIMICA IS INTERESTED IN DISCUSSING PROJECTS OF SO-CALLED SECOND AND THIRD TRANSFORMATION. THE SIZE OF OPERATIONS BEING CONSIDERED IS IN WORLD CLASS AND THE CONSEJO IS STILL FLEXIBLE AS TO PRODUCTS TO BE INCORPORATED IN NEXT PHASE OF PETROCHEMICAL DEVELOPMENT.

2. FOREIGN COMPANIES WILL CONTINUE TO BE ALLOWED MINORITY OWNERSHIP IN OTHER THAN FIRST TRANSFORMATION ACTIVITIES. EITHER WITH OR WITHOUT EQUITY POSITION, HOWEVER, THE DIRECTION OF PLANNING IS TOWARDS INVOLVING FOREIGN ENTERPRISES IN CONSTRUCTION, MANAGEMENT AND TECHNICAL AGREEMENTS, LICENSING ARRANGEMENTS OR OTHERS THAT WOULD EXTEND THE COMMERCIAL RELATIONSHIP OVER A PERIOD OF YEARS. IN CONJUNCTION WITH FEES FOR OVERSEEING INITIAL CONSTRUCTION AND MANAGEMENT, FOREIGN COMPANIES MAY SEEK LONG TERM SUPPLY CONTRACTS FROM THE COMPLETED OPERATION.

3. THE U.S. COMPANIES W.R. GRACE AND DOW CHEMICAL, AS WELL AS SOME WELL-KNOWN EUROPEAN COMPANIES, ARE KNOWN TO HAVE HAD DISCUSSIONS

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WITH THE CONSEJO. THE CONSEJO SOLICITS INQUIRIES FROM AS MANY

COMPANIES AS POSSIBLE BUT STRESSES THE ENTERPRISES MUST BE EXPERIENCED IN THE PARTICULAR FIELD BEING SUGGESTED. PAST UNPLEASANT EXPERIENCES OF THE PETROCHEMICAL INSTITUTE HAVE MADE THE CONSEJO WARY OF TURNKEY CONSTRUCTION PARTICULARLY BY CONSORTIA ORGANIZED FOR A UNIQUE PROJECT.

4. INTERESTED U.S. COMPANIES SHOULD SEND LETTERS STATING GENERAL DESCRIPTION OF POSSIBLE AREA OF COOPERATION TO DR. ALFREDO RIVIERE, EXECUTIVE SECRETARY, CONSEJO NACIONAL DE PETROQUIMICA, EDIFICIO ACO, AVENIDA PRINCIPAL LAS MERCEDES, LAS MERCEDES, CARACAS, VENEZUELA. ALTERNATIVELY, THE EMBASSY'S COMMERCIAL SECTION COULD TRANSMIT THEM TO DR. RIVIERE. IT WOULD BE HELPFUL FOR THE LETTERS TO INCLUDE A BRIEF RESUME OF EXPERIENCE RELATED TO THE PROPOSAL. DR. RIVIERE MAKES ASSURANCES THAT SERIOUS PROPOSALS WILL BE THOROUGHLY STUDIED AND PROMISING ONES FOLLOWED WITH INVITATIONS TO DECISION MAKERS FOR FURTHER DISCUSSIONS.

5. AS REPORTED EARLIER, THE MINISTRY OF MINES SOLICITED THE EMBASSY'S HELP IN IDENTIFYING U.S. COMPANIES WHICH COULD ASSIST IN THE MANAGEMENT OF NITROVEN. MINISTER OF MINES, ON 21 MAY, PUBLICLY REQUESTED BIDS FROM INTERNATIONAL FIRMS INTERESTED IN ADMINISTERING THE FERTILIZER PRODUCER. IN VIEW OF PUBLIC NATURE OF ANNOUNCEMENT, EMBASSY'S AND COMMERCE'S INTENTION TO GIVE PREVIOUS BIDDER, C.F. INDUSTRIES, PRIOR CLAIM IS NO LONGER APPLICABLE. EMBASSY NOW RECOMMENDS THAT OTHER COMPETENT U.S. COMPANIES BE APPRISED OF POSSIBILITY OF MANAGEMENT AGREEMENT WITH NITROVEN.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CHEMICAL INDUSTRY, INVESTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 22 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975CARACA05371
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750182-0486
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750524/aaaaavmb.tel
Line Count: 89
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 CARACAS 3610, 75 4567, 75 4649
Review Action: RELEASED, APPROVED
Review Authority: SmithRJ
Review Comment: n/a
Review Content Flags:
Review Date: 25 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25 JUL 2003 by SilvaL0>; APPROVED <30 JAN 2004 by SmithRJ>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PETROCHEMICALS: CONSTRUCTION AND MANAGEMENT OPPORTUNITIES
TAGS: BTIO, EIND, BEXP, VE, US
To: COM
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006